

AccountAble

Raising Funds from Public: Issue # 17

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What is 35AC? How can it help you raise funds from public? If you think you can raise funds from the people in your area, How can you get 35AC approval? This paper discusses these questions.

Examples of Approved Projects

- Animal Husbandry
- Backward class & Tribal Welfare
- Construction of a Tamilnadu development center for training women, providing family education & technological training
- Construction of low cost pour flush sanitary latrines for rural poor
- Construction of the building of the Institution & development of training, research & demonstration in land & water resources for tribal communities
- Forest & Environment
- Legal Aid Camp
- Leprosy welfare works
- Mahatma Gandhi Mission for swarajya
- Poultry raising and garment making for rural women
- Recurring expenses for running a primary school and two homeopathic clinics
- Rehabilitation center for handicapped
- Rural housing
- School building reconstruction
- Soil & drinking water analysis
- Total literacy among nomadic Gujjars living in Western U. P.
- Training & Self employment for handicapped poor
- Village Health Workers' Training
- Vocational Training
- Corpus Funds

Double Benefit

Under Sec. 35AC (or 80GGA), 100% deduction from income is allowed to tax payers (individuals, companies, business-persons etc.), who donate any sum to NGO's for eligible projects. This helps the donors get double the tax benefit as compared to ordinary (50%) deduction for donations under section 80G.

Eligible projects

The Central Government notifies these in the official gazette. This is done on the recommendation of National Committee (for Promotion of Social & Economic Welfare). The National Committee recommends projects related to certain type of work.

Approval Process

An application should be made to the Secretary of the National Committee. The Secretariat checks the application. After this it is circulated to the members of the National Committee. The Committee generally meets once in three-six months. The Committee makes a recommendation if the project is considered suitable. Please note that:

- The Committee may ask for any

further explanation before taking its decision on an application.

- It will give its approval only for upto three years at a time.
- If the project goes on for more than three years, then before giving further approval, the Committee will examine the progress of the project.

Based on the Committee's recommendation, the Government grants approval. After approval, the project is notified in the Official Gazette.

Time Period

The projects are normally approved for a period of 2-3 years. Extension is allowed at the end if the project is satisfactorily implemented. The amount of approval may range from less than a Lac to several crores.

If you give all the required information in the application, then it will generally take about six months for the approval to be granted. You can start raising funds as soon as the notification is published.

Some Organizations

which have received approval for projects under section 35AC include:

1. Banwasi Sewa Ashram, Uttar Pradesh
2. CRY (Child Relief & You), Bombay
3. Deepalaya Education Society, New Delhi
4. Gandhigram Trust,

Tamilnadu

5. Helpage (India), New Delhi
6. Legal Aid Services, West Bengal
7. Manovikas Kendra, Calcutta
8. Nav Bharat Jagriti Kendra, Hazaribagh
9. Palli Vikash Kendra (REWARD), Orissa
10. Ramakrishna Mission Belur Math, Howrah
11. Sahyog Kushtayagna Trust, Gujarat
12. SAMPARC, Pune
13. SEWA - Rural, Bharuch
14. SOS Children's Village, New Delhi
15. Tarun Sangha, Midnapore

Getting Funds

The Government will not give you any money under 35AC. After the approval, you have to raise funds yourselves from the public.

Therefore, you should carefully assess your capacity to raise funds before applying for 35AC. It is better to make a conservative estimate — you can apply for additional approval if your fund-raising is successful.

National Committee

The National Committee for Promotion of Social and Economic Welfare consists of 14 members appointed by the Central Government. These members are appointed for a term of three years. (List of members given overleaf).

Filling the Application

Fill the application form¹ completely (in Hindi or in English). The following documents should be attached with the Application form:

1. Certified true copy of the Resolution of the Society for taking up the project.
2. Certified copy of Certificate of Registration under the Societies Registration Act
3. Certified copies of Rules and Regulations of the Society/ copy of the trust deed
4. Certified copies of Audited accounts for three latest years
5. Short note on the last three years' activities of your organization. (If your organization is less than three years old then particulars of activities for the period of existence should be sent)
6. List of agencies who have been funding your organization. Also mention the activities for which they had provided the funds
7. Detailed Project Report of the proposed project
8. Cost breakup of the project as certified by a professional

Sending the form

Make two² complete sets of the form along with other documents. Send both the sets by Registered Post to the following address:

*The Secretary,
National Committee for
Promotion of Social and
Economic Welfare,
Department of Revenue,
Ministry of Finance,
Room No. 149, North Block,
New Delhi-110 001*

Form 58A

Donors get income tax deduction only when they attach donation certificate in form 58A. You must issue this certificate on receiving the donation.

In many cases, donors have lost income tax benefit because they did not attach 58A to their Income Tax return. You should also educate the donors on this as this will affect your fund-raising capacity adversely.

Eligible Projects

Projects related to the following are eligible for approval under 35AC.

1. Family Welfare and immunization
2. Tree plantation
3. Social Forestry
4. Development of Irrigation Resources
5. Rural Sanitation - Construction of low cost latrines
6. Medical camps in rural areas
7. Rural Health Programs
8. Land development and recovering of waste land with

special concern on ecological improvement

9. Soil and water conservation including harvesting of runoff water
10. Non formal education and literacy, especially for children and women
11. Rural and non farm activities
12. Creation of employment opportunities for urban and rural population living below the poverty line
13. Supportive services for women to engage in productive work (e.g.: care of children of working women by establishing Crèches / Balwadis etc.)
14. Leprosy eradication
15. Promotion of sports
16. Construction of dwelling units for the economically weaker sections
17. Construction of school building for children belonging to the economically weaker sections of the society
18. Establishment and running of non-conventional and renewable sources of energy systems
19. Any other program for uplift of the rural poor or the urban slum dwellers, as the National Committee may consider fit for support

1. For application form refer AccountAid Kit # 18
2. Make one extra copy for office record

NGO grapevine

Some NGO's have started misusing 35AC in the same way as they were misusing 80G — by giving 'fake' donation receipts.

They are advised to refer to section 276C: *Wilful attempt to evade tax etc.* and section 278: *Abetment of false return etc.*

Both sections prescribe imprisonment ranging from three months to seven years.

The section applies to both the 'donor' and the NGO (i.e. the chief functionary and other officers).

The National Committee Members

(For three years, with effect from 1st February, 2008)

1. **Justice S. P. Bharucha**, Former Chief Justice of India, (Chairman)
2. **Dr. Kaanchana Kamalanthan**, Medical Doctor, Former Member of Legislative Assembly
3. **Ms. Veena Singh**, Chairperson, Central Women Workers' Committee, Indian National Trade Union Congress
4. **Prof. (Ms.) Sabra Habib**, Retired Senior Professor, Lucknow University
5. **Shri Ajit Pal Singh**, Ex-

6. **Dr. Bhagirath Prasad**, Vice-Chancellor, Devi Ahilya Vishwavidyalaya, Indore
7. **Dr. Md. Abbas Ali**, Prof. of Business Management, Osmania University, Hyderabad
8. **Shri Sebastian Morris**, Faculty, Indian Institute of Management, Ahmedabad
9. **Prof. Margaret Ch. Zama**, Professor and Head, Deptt. Of English, Mizoram University, Mizoram
10. **Dr. Jagdish Krishnaswamy**, Faculty, Ashoka Trust for Research in Ecology and the Environment (ATREE), Banga-

lore

11. **Shri L. D. Sharma**, Chartered Accountant, Partner in L. D. Sharma and Co., Jaipur
12. **Dr. A. M. Arun**, CMD, Vasan Health Care Group, Trichy, Tamil Nadu
13. **Dr. J. Prabhakar Reddy**, Chairman, Sree Lakshmi Jabbi Reddy Charitable Trust, Tirupati, Andhra Pradesh
14. **Ms. Atiya Habib Kidwai**, Professor, Centre for Study of Regional Development, Jawaharlal Nehru University



Though these days, a vacation in Tihar means you are probably a V.I.P. — it can also be very good for building up influential